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FM AMEMBASSY ANTANANARIVO
TO SECSTATE WASHDC IMMEDIATE 2018
INFO AFRICAN UNION COLLECTIVE PRIORITY
DIA WASHDC PRIORITY
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C O N F I D E N T I A L ANTANANARIVO 000068

E.O. 12958: DECL: 01/29/2019
TAGS: MA PGOV PINR PREL
SUBJECT: REFLECTIONS ON THE CURRENT MALAGASY POLITICAL CRISIS

REF: ANTAN 60 AND PREVIOUS

Classified By: Ambassador Niels Marquardt

¶1. (C) Summary: Whatever we might decide to do here to help defuse the current political crisis -- perhaps a phone call to the President from the Secretary -- should first be coordinated with Paris. They, unlike us, have extensive interests in Madagascar and are properly in the lead of any international effort. Foreign Minister Kouchner is already engaged directly with both the Mayor and Presidnet, and may/may be preparing to come mediate at some point. End Summary.

¶2. (C) Today's "Ville Morte" and attendant calm offers the first chance for any considered reflection and classified communication on the crisis that has overtaken Antananarivo and much of the country over the past week. The city is eerily calm, with businesses and schools closed; I saw families lined up at the morgue this morning to identify the corpses of loved ones, and the President is holding his third cabinet meeting in 36 hours as I write this. He and the Mayor remain unconnected in any dialogue whatsoever, with Malagasy friends strongly encouraging us diplomats to continue to broker an opening between the two. In many ways, it feels like the calm before the (next) storm, or the eye of the hurricane, as the French charge called it today. Our cell phones, ringing incessantly for the past three days, have gone silent, suggesting that all parties to the conflict are licking their wounds, considering their options, and planning their next moves. One minister told me he is sending his family tonight to Mauritius to get them indefinitely out of harm's way -- one indication of how uneasy someone in the know is about what might come next.

¶3. (C) I see a large danger in the wide gap in calculations and perceptions of the situation on the two sides (indeed, there are more than just two sides here -- important to keep in mind). Although the President has avoided all contact with the diplomatic community since last week (despite our repeated, urgent appeals to meet and one narrowly missed appointment as he flew off on his helicopter), I think he has an enormously exaggerated sense of control. His largely sycophant ministers -- even those who like us do see the situation as urgent and dire -- are unlikely to be passing him any hard mesages -- indeed, that is why many of them want us to see him so urgently. My only contact with the government this morning was with Economics Minister Ivohasina Razafimahefa. "Ivo" is close to the President and evidently trying to push him toward dialogue -- but rather than telling me, he asked me why I think the President is avoiding dialogue! I told him that I think the President is overcalculating the strength of his hand, that thinks that he does not need to make peace with the Mayor in order to re-establish calm, and that he needs to start considering a government of national unity that will get the strife in the streets into a negotiating structure of their own design. In this, I also suggested that it will be critical to include "Cotier" (coastal ethnic groups) elements, otherwise they will be furious with any perceived solution worked out only

between two members of the President's/Mayor's Merina ethnic group. My staff met yesterday with leading members of the Cotier opposition, who were all over the place in their ideas but united in insisting on a place for them at whatever table is set. This aspect must not be ignored.

¶4. (C) The Mayor of Tana is young, naive, appealing, but has a limited feel for national -- as opposed to Tana -- politics. He does not appear to be taking sufficiently into account the Cotier element and is in only limited contact with them. In fact, I agree with many here who think he and his popularity has been used by the Cotiers to open up the political field, and who now intend to march on it themselves, over him (and even his dead body) if necessary. Former Mayor Roland Ratsiraka of Tamatave (former President Ratsiraka's nephew) is perhaps foremost among them, but none of them really commands the others. On the other hand, we just learned that the Mayor will meet this afternoon with the Cotier opposition, including Ratsiraka. They have told us directly that their five pre-conditions for any meeting of their side with the President would be: 1) withdrawing arrest warrants against Ratsiraka and the Mayor's chief of staff; 2) release of some jailed students (three already were released yesterday); 3) resumption of broadcasting by all closed TV and radio stations (already largely the case); 4) departure of alleged mercenaries from Malagasy soil; and 5) cancellation of the alleged Daewoo deal. (Once they meet the

President, they say their demand will be nothing less than his resignation.) The Mayor also overestimates the strength of his position, thinking that the President is truly on the verge of falling and that he will almost magically soon find himself as the Prime Minister of a transition government, with or without Ravalomanana staying on as President. If and when the two meet, I suspect the width of the chasm separating their perceptions will become quickly apparent -- which makes me pessimistic that dialogue, while still the best (and perhaps only) next step, will settle anything fast. The Mayor is genuinely fearful for his personal safety -- yesterday he described to me in detail several assassination plots he claimed to have uncovered, one from the President's side, the other from the Cotiers (to me the latter is far more likely than the former) -- before donning a bulletproof vest and heading off to his rally. He also has a hard time absorbing the international consequences of his forming what could only be considered an illegal government (unless Ravalomanana goes along with it) that partners would have to denounce while suspending their aid.

¶5. (C) A similarly neglected but crucial aspect of the crisis is what it has already done to ruin Madagascar's investment climate, which had been improving in recent years. Major mining projects like the dols 3.5 billion Ambatovy nickel/cobalt enterprise are at risk of losing access to credit in an already difficult financial market, due to political risk clauses in their loan agreements if the legal government is dissolved; this would probably cause the entire operation to cease in mid-stream. AGOA-based textile factories are complaining to us of tens of millions of dollars in lost orders just this week, and are threatened already with closure and layoffs. With perhaps one third of all formal sector employment in Madagascar in the textile sector, this would have a catastrophic impact on the economic well-being of the country, especially in the 'Tana region where most factories are located. I have reprinted these arguments widely, and they were included in the joint declaration made yesterday by the diplomatic community. They seem, however, to have little effect on Malagasy leaders' behaviors. Air France is cancelling flights not due to the crisis itself but because no one is coming to Madagascar; the once-promising tourism sector has already taken a major hit.

¶6. (C) French charge Marie-Claire Girardin told me this morning that she had met last night with the leaders of the various security forces here (army, gendarmerie, police). Those leaders or at least senior subordinates are in direct contact with the Mayor's side as well as the civilian chain of command, and have been intent thus far on minimizing

direct confrontation with Malagasy compatriots, even at the cost of the physical destruction (and despite up to 60 lost lives) that has taken place so far. Girardin said that she understands that the military is likely to step in if there is no sign of dialogue soon from the two protagonists. She has launched another appeal to the Mayor's side for dialogue, and, like us, is seeking every opportunity to make the case directly or indirectly to the President.

¶7. (C) What comes next is hard to say. Today's "ville morte" appears to be at best a minor success for the Mayor, as many Malagasy seem to have ignored it as an expression of their disgust with him and/or current politics. The President was slated to leave for Addis by Saturday for the AU Summit, but it now seems unlikely (and unwise) that he would go. Getting the AU Summit now seems an impossibility for 'Tana, so why go to Addis and come back empty-handed and humiliated? Indeed, the whole AU connection -- along with his ill-considered purchase last month of a new dols 60 million executive 737-700 -- has been a flashpoint for the strong popular reaction against the President personally. Over the past year, he strayed from his "development, development, development" focus to a sudden fascination with garnering international prestige. Attracting the July AU Summit to 'Tana became a priority, as well as the 2010 Francophonie Summit. Poor Malagasy then saw him building prestige villas and a five-star hotel for visiting heads of state and purchasing an expensive new aircraft for himself -- instead of improving their own housing or transport. Combined with the growing perception of enormous conflicts of interest between the president's personal and official interests, this suddenly became an easy target for exploitation by an opposition that he had grossly underestimated.

¶8. (C) For the moment, as we look ahead, it is important to keep sight of the limits of U.S. national interests here in faraway Madagascar. Our only critical national interest is the safety of all Americans living here, who so far have not been threatened in any way -- and I do not expect this to change. If I can be helpful, I am willing to remain engaged in pushing for dialogue, and supporting whatever political process might follow. There may be a helpful role for the Department, even for the Secretary herself, in phoning Ravalomanana to encourage him to see the current situation realistically and to truly open a negotiation with the opposition. However, I recommend we follow the French lead here, and consult closely with Paris before we initiate anything. Unlike us, the French have extensive interests here. Foreign Minister Kouchner is already engaged directly with both parties, and may even be preparing to come here as a mediator if events permit. Whatever we might decide to do should be in support of the French lead.

MARQUARDT